

MINUTES
HOUSING AND COMMUNITY DEVELOPMENT COMMISSION (HCDC)
Meeting – January 25, 2012
Fresno City Hall, Room 2165-A (2nd Floor)
2600 Fresno Street
Fresno, California 93721

A. CALL TO ORDER

With a quorum being present, the meeting was called to order by Chair Cox at 5:08 p.m.

Commissioners

Present: Rogenia Cox, CHAIRPERSON
Judge Armando Rodriguez, VICE-CHAIR
Bob Farrar, Commissioner
Barbara Fiske, Commissioner
Daniel Payne, Commissioner
Drew Wilson, Commissioner

Absent: Stephanie Roberts, Commissioner

Staff

Present: Claudia Cázares, Manager
Housing and Community Development
Bonnie Christian, Recording Secretary

Absent: Craig Scharton, Assistant Director
Development and Resource Management
Department

B. COMMUNICATIONS

1. Ms. Claudia Cázares, Manager of Housing and Community Development, stated Item D-2 has been deleted from the Agenda.

C. APPROVAL OF MINUTES

1. Commissioner Payne made a motion to approve the minutes of the HCDC meeting on January 11, 2012. Vice-Chair Rodriguez stated he hasn't reviewed the minutes yet. Chair Cox said he can review them, and the minutes will be addressed later during the meeting.

D. GENERAL ADMINISTRATION

1. CONSIDER RECOMMENDING THE AGENCY BOARD ADOPT A RESOLUTION APPROVING THE REPLACEMENT HOUSING PLAN FOR FIVE SITES, WHICH INCLUDE 1733 AND 1737 E. BELMONT AVENUE, 161 N. CLARK STREET, 329 N. COLLEGE AVENUE, 864 KLETTE AVENUE, AND 3745 E. EL MONTE WAY, LOCATED WITHIN AND ADJACENT TO THE REDEVELOPMENT PROJECT AREAS. *(Presented by Jerry Freeman, Redevelopment Agency)*

Mr. Jerry Freeman, Project Consultant for the Redevelopment Agency, stated the Agency and the City have acquired five development sites for blight removal and revitalization. Site Number 1 includes 1733 and 1737 E. Belmont Avenue, in the Central City Commercial Revitalization Project Area. Site Number 2, the six-plex, is located at 161 N. Clark Street, in the Jefferson Redevelopment Project Area. Site Number 3 is located at 329 N. College Avenue., in the Freeway 99 – Golden State Boulevard Revitalization Redevelopment Project Area. Site Number 4 is located at 864 Klette Avenue, in the Southwest Fresno Project Area. Site Number 5, located at 3745 E. El Monte Way, is located outside the South Fresno Revitalization Project Area, and it's in the Ventura and Eighth Mixed-Use Project, that the City and the Agency had been working on. The Agency has completed blight removal site clearance on three of the five sites. The third site, 329 N. College, will probably be demolished by mid-month. At 161 N. Clark Avenue, the units were removed from the low and moderate income housing market in June 2010 in order to allow for alternative re-uses of the site, which could involve rehabilitation, re-use for housing, mixed commercial/ housing uses, or clearance of the site for development compatible with the Regional Medical Center site. It gives more options for the Agency, or successor agency, and the Community Hospital. Where there is an immediate danger to health and safety, demolition can occur, and the Agency must adopt the Replacement Housing Plan as soon as practicable. In the staff report, Attachment A is the Replacement Housing Plan, and details

how all of the 21 replacement bedrooms have been added back into the low and moderate income market with the recent construction of the Park Grove Commons II Affordable Rental Housing Project, and secured by 55-year covenants pursuant to the Redevelopment Law. The law requires the replacement must occur within four years after the dwelling unit is destroyed or removed from the low and moderate income housing market. The Park Grove Project is located on the southeast corner of Clinton Avenue and Fresno Street. It's outside the Central City Commercial Revitalization Project Area, but within the jurisdiction of the Redevelopment Agency. On November 5, 2009, the Agency Board approved a development agreement with the Housing Authority where the Agency loaned the Housing Authority \$500,000, and in return for that received 55-year restrictions on 16 units to assist the Agency in meeting its replacement and inclusionary housing obligations. On December 13th, 2011, there was an amendment to the declaration restrictions that was recorded to more specifically allocate the 16 residential units to what's shown in the report of nine extremely low-income units with 20 bedrooms, seven very low-income units with 18 bedrooms. Table 3 of the Replacement Housing Plan shows the Agency replacement housing obligations are met on a bedroom-by-bedroom basis. The 21 total bedrooms identified in the Plan are met with one very low-income bedroom, and 20 extremely low income bedrooms from the Park Grove replacement housing resource.

Vice-Chair Rodriguez asked if all replacement units are located at Park Grove. Mr. Freeman answered yes. Vice-Chair Rodriguez asked whether or not the second site has been demolished. Mr. Freeman replied it's not demolished, and Community Hospital has first right of refusal on purchasing the property from the Agency. There's a contract price that was agreed to several years ago, in the last amendment of the contract, that established what the land sale price would be of any land owned by the Redevelopment Agency, within the footprint of that agreement. Commissioner Fiske asked if there is a timetable for that. Mr. Freeman explained at this point the Redevelopment Agency, or the successor agency, and Community Hospital would need to address the fair upkeep of that site. Vice-Chair Rodriguez asked if there has been discussion with the hospital as to their wanting to build that for residential visitors. They just completed Terry's House for families to stay in. Mr. Freeman said they haven't had any discussions with them on that particular site in several months.

Christina Hathaway, with Central California Legal Services, asked if Mr. Freeman would clarify what he meant when he said, "So these units will fulfill the replacement requirement, but it will also go towards the inclusionary..." Mr. Freeman stated another type of housing responsibility that redevelopment agencies have is housing production requirements, which means inclusionary housing, so that when new housing is constructed within the boundaries of a redevelopment project area, or major rehabilitation of housing is done by the Redevelopment Agency, then over a ten-year time period, redevelopment agencies must assure that 15% of those housing units have to be low and moderate income affordable units for the community. Ms. Hathaway asked, for all the units that are being replaced, the 21 bedrooms, if those are all being counted for the replacement and towards the inclusionary. Mr. Freeman stated no, Redevelopment Law is not that precise on whether you can use housing you've developed, or major rehabs with covenants on them, to meet both obligations.

MOTION: Commissioner Payne made a motion to approve Item D-1
SECONDED: Commissioner Fiske
AYES: Chair Cox, Vice-Chair Rodriguez, Commissioners Farrar, Fiske, Payne, and Wilson
NOES: None
ABSTAIN: None

Chair Cox addressed approving of the minutes of the January 11, 2012 meeting, and the minutes were approved unanimously.

3. CONSIDER RECOMMENDING THE AGENCY BOARD APPROVE FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO (THE "AGENCY") AND EDISON PLAZA PARTNERS, LP, A CALIFORNIA LIMITED PARTNERSHIP (THE "DEVELOPER"), FOR A MIXED-INCOME/MULTI-FAMILY HOUSING PROJECT, ON APPROXIMATELY 6.9 ACRES LOCATED SOUTH OF LORENA STREET AND WEST OF WALNUT STREET, SUBJECT TO CITY ATTORNEY APPROVAL AS TO FORM. *(Presented by Terry Cox, Redevelopment Agency)*

Ms. Terry Cox, Project Manager with the Redevelopment Agency, asked to have the new reports passed out to the commissioners. She explained the only difference is that the attorneys have used a different format agreement. On the sixth page, it's now a reformation of disposition instead of an amendment. The attorneys decided this was the best appropriate agreement format to use. All of the deal points remain the same, it's just the formatting of the agreement that has changed. This project began in 2003 with the HOPE VI grant, and the City's agreement to work with the Housing Authority and Master Plan in the area of Southwest Fresno, west of Edison High School. Proposals were requested from developers to develop a 20-acre site in which most of the sites had been vacant for up to 30 years. RDA received multiple developer proposals, and the Edison Plaza was selected. They proposed to do a West Fresno Regional Center on the north side of the project, to include some retail and professional buildings. They broke it into two phases, and the second phase was to be the housing. They went to the Housing and Community Development Commission and Council last year and proposed to develop 200 units on the 20-acre site. The Redevelopment Agency went through a disposition and development agreement. During the pre-development process, they discovered there was only going to be room for 128 units. They then requested that the DD&A change from 200 homes to 128 homes. It will be funded at the same unit cost per affordable unit, with the amount going

down. The developer is going to purchase the land from the Agency at fair market value, and they're going to put in \$1.6 million in off-site improvements. If this project is not completed, it will more than likely remain vacant, and the \$1.6 million in off-site improvements, which the City cannot afford, and the Agency will not be able to fund any more, will not be done. Without the construction, school districts will not collect the anticipated developer fees associated with the project, additional sales tax will not be generated, and the property remaining vacant will negatively impact property values.

Commissioner Payne asked who decided that only 128 units could be there instead of 200, and based on what. Ms. Cox stated there was a calculation error, and it was caught when it went to review for site plan, that the density and everything would not work, so they were corrected. There is still the same percentage of market rate housing, 50% and 60%. Commissioner Payne asked if, when they went from 200 to 128 units, the City pays less now. Ms. Cox answered overall, but the RDA is still committed to that much money per unit. The original agreement with them was for \$400,000 for the housing portion, \$1.6 million for the off-sites. Vice-Chair Rodriguez stated this is a reduction of about 40%. He mentioned this proposal was brought to this commission and the City Council at one time for approval on the first phase. He asked how they could make a 40% error if they're the experts. He asked what that means in terms of costs to the City and/or the Agency, if any. Ms. Cox replied when items are brought to the Commission, there are draft agreements that are going to be negotiated further. They go to Council and ask if the agreement can be negotiated and executed. Once the process started, it was discovered the number of density was not going to work. Commissioner Payne asked what the tax revenue is on it now that we're looking at 128 units instead of 200. Ms. Cox said initially she believed the project was estimated at \$27 million, and she believes now it's \$24 million in finished value.

Ms. Cox introduced Mr. Scott Anderson, representing Edison Plaza Partners. Mr. Anderson stated it went from 200 to 128 units as a result of subsequent meetings they had with community neighbors, as well as Councilman Baines. The community members didn't want to see a three-story development, as initially planned, they wanted to stay at two stories. Commissioner Wilson asked what the reason was. Mr. Anderson said it didn't match what is existing in the area, and there were concerns about an over-dense development as opposed to a garden-style look. Commissioner Wilson inquired about the HOPE VI trying to gear themselves more towards involving the community, not just in deciding what's going to happen, but also in key amenities within each unit. Mr. Anderson replied he wasn't the project manager, and he couldn't clearly answer that question. Ms. Cox said she believed it was one of the Housing Authority projects, they were master planner for the HOPE VI. These 20 acres are owned by the Redevelopment Agency, and the Housing Authority is not involved in this project. But there are quite a few amenities, community recreation area, outdoor areas, which are very comparable with the units that have been rehabbed over at the Housing Authority. Commissioner Wilson said there is an equal amount of parking space as there is living space. There's close to two per unit. It seems like an excessive amount, and if you wanted to get more units within that area, you could restructure where the parking is. Mr. Anderson stated he believes the idea behind that is that there are a number of two- and three-bedroom units, and because of the proximity to the school, you'd probably have a number of families that would locate there. Commissioner Farrar stated this project has been reduced by 40%, but yet the bottom line has hardly gone down at all. Ms. Cox replied the construction costs would reduce because of the bedrooms, but a large portion of it is the outside improvements, which aren't going to change; the same streets will be required. Commissioner Farrar asked if the revenue coming back was \$28 million and now it's \$24 million. Ms. Cox said not the revenue, the value of the development, that would be the value the County would receive in property taxes. Commissioner Payne mentioned he was on the commission back when this happened, and he recalled a lot of people saying their input into the neighborhood was not being taken into consideration, they weren't getting the notices that there were meetings. The reason why the number has been reduced from 200 to 128 is because there are people there who are requesting that it not be that amount. He said in looking at it, it looks like somebody made a mistake here, and as the Judge stated earlier, the Commission relies on the Agency's due diligence, and giving them decent numbers they can act on. Ms. Cox stated during the reformation of this, this is just basically how it works. The developer might realize they can't meet the terms within their agreement. If they don't meet the terms, in this case the 200 units, they would not have been paid anything. The Agency does make the best effort to get the numbers the first time correct to the Commission, but in the case that should fail, for any reason, this is the route they'd go through. Chair Cox stated when she read this project she liked it, and she would like to see more. She saw consequences, benefits, and she was pleased about the parking as well.

Mr. Ross Tate stated he lives within 1,000 feet of this project. He said this project was slammed through earlier in the year when it was generally thought Brown was going to close down the Redevelopment Agency. The first time he heard about this project was when City Council approved it, when it was in a package of about 19. Commissioner Payne asked Mr. Tate what his main reason is for being against the project. Mr. Tate replied the millions of dollars they're getting from the Redevelopment Agency, the grants, and the loans.

Vice-Chair Rodriguez asked if it's possible to get access to the principals that comprise the project, the partnership. Mr. Anderson said the principals involved with Edison Plaza Partners are Mr. Jim Hendricks, Mr. James Aldrich, Mr. Tom Richards, and Mr. Joe Williams. He added one thing related to why the requirement is being asked of the RDA specific to the subsidy is that this is an affordable rent project. A good portion of the rents involve 50% and 60% average median income as it relates to market rate housing. That's the basis for the subsidy from the RDA. Otherwise, the project won't be able to be constructed. Edison Plaza Partners constructed the West Fresno Regional Services Center at California and Walnut. It's a County building with many County services, and a new County library. On the west and east sides of that piece of property,

there's open pads that are set aside for commercial development. They have been aggressively marketing those pads to a number of different retail tenants. One of the first things retailers ask for are the vehicular trips that go by each intersection. Many of them are looking for upwards of 20,000 to 60,000 trips a day. In that area there's about 6,000. If there were more rooftops in the area, that would go a long way to enticing retailers into the area. 128 units will not be the immediate reason retailers end up making a decision to be there, but it will help, and as the area grows, that's going to generate retail. Ms. Cox said they're also wanting retail; they want an area to shop and eat. Commissioner Fiske asked if the residents are aware that Fresh and Easy has been sought after, and because of the low trip numbers they're not interested. The nearest grocery store for much of this area of town is on "C" Street. She wonders if they knew they could do something, petition or speak to Fresh and Easy. Ms. Cox said there were two opportunities, the developer had looked on their site for Fresh and Easy, and the Agency also looked at an alternative site that was also of interest to Fresh and Easy in the neighborhood. With this project, they're hoping that if the retail is completed, that will spur the other retail. Mr. Anderson stated he has seen letter write-in campaigns, but it takes a lot of letters and a lot of time.

Mr. Gregory Barfield, Chief of Staff to Councilmember Baines, stated there actually has been a community-wide petition, and they are talking to two national grocers about that territory right now. Chair Cox asked who they are, and Mr. Barfield said he would prefer not to mention them, but one is a pretty big retailer. Chair Cox said as a commissioner she doesn't want to see another dollar store in that area, it's not needed in that area. Commissioner Payne asked when a community petitions what the normal procedure is for notifying an entity, when there are decisions like this to make or when they're looking for community involvement. Mr. Barfield answered if he is talking project specific, they rely on the Planning Department, the Housing Department or the Redevelopment Agency, to do that for this type of environment. Beyond that, they have utilized the District 3 Implementation Committee, which had ceased to exist until the Councilmember came into office last year. Commissioner Wilson asked if Mr. Barfield was there or involved with the discussion of this project. Mr. Barfield said on the reduction of numbers, yes. He's made a number of calls, and made himself available to one of the community groups to answer questions. Commissioner Wilson asked if the reduction in height was more from the community members. Mr. Barfield said yes. Commissioner Wilson stated the reason he's asking is because the developer working with the architect or any construction manager is going to tell them the price for going from the second to the third story is astronomical, so he is glad to hear it's coming from the community and not the developer worrying about his pocketbook. The same with parking, a lot of times, when you develop projects like this, there is a grassy area for the residents, and the people there eventually won't care about that grassy area. Ms. Cox stated they have re-looked at the project, and they still recommend it would be an improvement for the area. This developer has finished the first project under budget and under time, they've met all the deadlines required by the City to complete the Regional Center and the library. The Agency feels confident that this developer is going to be able to complete the project.

Mr. Ross Tate said this project is about a half-mile west of the chicken slaughter houses, so the area is subject to chemical smells, everything from bleach to the smell of rotting animals, from time to time. People moving in, if they're low-income and have health issues, they will be subjected to these smells and it's going to make them worse. Chair Cox said she lives in that district, and she walks five to six miles, and she doesn't experience the smells or odors, and it's a nice place to live.

MOTION: Commissioner Farrar made a motion to approve Item D-3

SECONDED: Commissioner Payne

AYES: Chair Cox, Commissioners Farrar, Fiske, Payne

NOES: Vice-Chair Rodriguez and Commissioner Wilson

ABSTAIN: None

4. CONSIDER RECOMMENDING THE AGENCY BOARD ADOPT AMENDED ENFORCEABLE OBLIGATION PAYMENT SCHEDULE PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34169 (g). *(Presented by Jeff Findley, Redevelopment Agency)*

Mr. Jeff Findley, Sr. Project Coordinator with the Redevelopment Agency, stated before the Commission tonight is an Amended Enforceable Obligation Payment Schedule, which is referred to as the EOPS. EOPS is required by State Legislation that was passed as part of this current fiscal year's budget, AB 1X26. It was intended to identify cost by the Agency between August 1st and December 31st of 2011. During that time a lawsuit was brought forward by the redevelopment agencies against the State over this particular issue. On December 29th the California Supreme Court upheld AB 1X26, which dissolves all redevelopment agencies in California, and struck down AB 1X27, which would allow the agencies to exist if they made a voluntary payment over a period of years for the remainder of the life of the redevelopment agencies. The Agency Board originally adopted the first EOPS in August of 2011 and submitted it to the County and the State. With the State Supreme Court's ruling, they identified new deadlines for many of the items in AB 1X26. One of them allows the agencies to amend an already-approved EOPS by conducting a public meeting before January 31st, 2012. So this evening, before the Commission, is the currently amended EOPS, which is going to be presented to City Council on January 26, 2012. The successor agency, whatever that will be, will be responsible for either amending the current EOPS, or they would have to move forward and prepare a Recognized Obligation Payment Schedule by March 1st. Commissioner Wilson noticed there is no balance for West Fresno I or West Fresno II. Mr. Findley stated yes, and they created pages for each of the project areas. They needed to identify items that were from the statement of indebtedness that

the Redevelopment Agency is required to submit every year. This document is taking the place of the statement of indebtedness in the future. There was one item, he believes, on West Fresno I and West Fresno II. Chair Cox said she isn't sure she understands this item. Mr. Findley explained the entire item shows what the enforceable obligations are for the Redevelopment Agency, including bond payments, debts, contracts that are in place, and obligations necessary to move the existing projects forward, as well as debt bond payments. Commissioner Wilson said obviously they have debt, and money has been put into certain areas, and you look at West Fresno I and West Fresno II, which makes him think no money has been put in because they owe no money. Ms. Cox responded West Fresno I is not west of the freeway, West Fresno 1 and II is where the Fresno Bee is, in that area. Mr. Freeman stated West Fresno I and West Fresno II are part of the industrial park area between Freeway 99, Southern Pacific railroad tracks, and Fresno Street. In 1998 there was a financial merger done of all of the Downtown redevelopment project areas so that they could allocate tax increment from the larger area where they had projects. West Fresno I and II had been clearance areas, where everything was wiped out except for a few remaining buildings. It was all built new in the late 1970's, 1980's. Ms. Cázares asked where West Fresno I and II merged, into another area, and what it was called. Mr. Freeman answered there were 10 project areas within the first merger project. All of those project areas and their plans stayed in place, but it was a financial merger so that you could spend money generated in one area to fix up another area, or you could take the debt from one area, use that to pledge in order to capture tax increment in another area where you were just starting activities. So it gave quite a bit of flexibility. The 10th one was West Fresno III. It was taken up by the Freeway 180 right of way, and the City's Corporation Yard. That happened in 1998.

MOTION: Commissioner Payne made a motion to approve Item D-4

SECONDED: Commissioner Rodriguez

AYES: Chair Cox, Vice-Chair Rodriguez, Commissioners Farrar, Fiske, Payne and Wilson

NOES: None

ABSTAIN: None

E. INFORMATIONAL REPORTS

None

F. COMMISSIONERS' ITEMS

None

G. UNSCHEDULED ORAL COMMUNICATIONS

1. Commissioner Payne informed the Commission the funding for the Veterans' Home is on hold. Construction will be completed in April. The State has agreed to have, they believe, seven people on site to keep it functional, and it will be reconsidered possibly in 2013 and 2014. It will remain unused for over a year. Vice-Chair Rodriguez asked what the dollar figure was, and Commissioner Payne didn't know. He stated the Federal Government put \$155,000,000 into the 27 acres the City sold to them.
2. Chair Cox stated she would like to thank the City, Redevelopment Agency. The Commission appreciates their hard work, they value the time spent, and all the energy put into these projects. She also thanked the commissioners for all their time spent on the Commission. Ms. Terry Cox said on behalf of the Redevelopment Agency she would like to thank the Commission also. She said because of the new structure, the Redevelopment Agency will not be coming back to the Housing Commission, based on the State legislation. Ms. Cázares added that under the Redevelopment Law they were required to come to the HCDC, but under the revised law they will go to a different commission. Commissioner Fiske asked which board they will go to. Ms. Cox answered it will be an oversight board. Ms. Cázares said she doesn't believe it's been created yet. Ms. Cox explained there are seven entities that will appoint somebody to the oversight board.

H. ADJOURNMENT

There being no further business to bring before the Housing and Community Development Commission, the meeting adjourned at 6:30 p.m.

Next Regularly Scheduled Commission Meeting: **February 8, 2012**

Attest: Rogenia Cox, Chairperson



Attest: Claudia Cázares, Manager
Housing and Community Development